Second Annual Report of

# COMPENSATION REVIEW COMMISSIONER

for period

January to December, 1984

Submitted to:

Lieutenant Governor in Council

January, 1985

OFFICE OF
COMPENSATION REVIEW COMMISSIONER

PROVINCE OF
PRINCE EDWARD ISLAND

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January 31, 1985

Lieutenant Governor in Council,
Province of Prince Edward Island.
CHARLOTTETOWN,
Prince Edward Island.

Dear Sir:

In keeping with Section 28 of the Compensation Review Act, Stats. P.E.I. 1983, c.6, I present this report of activities for the 1984 calendar year.

I wish to acknowledge the excellent cooperation received from public sector employers in the administration of this Act.

Respectfully submitted,

Donald E. Nemetz
Commissioner

# INTRODUCTION

This second annual report of the Compensation Review Commissioner covers the calendar year 1984. At the year's end, all but one of the restraint-period compensation plans subject to Commissioner review had been approved, or were then being processed. Several of the latter were in fact approved in early January and are included in this report. At present writing, only the plans for the Sacred Heart Home remain unresolved; this, after more than a year of negotiation and arbitration between the Home and one unionized group.

It will be recalled that although all employee salaries were restrained for two years, the dates of the initial application of restraints varied among groups, depending on when compensation plans in existence on April 1, 1983 were to expire. School employees, for example, came under restraint September 1, 1983 and will complete their period on that date in 1985. Provincial civil service and hospital groups, on the other hand, did not experience controls until April 1, 1984 and so will continue under the program until April, 1986. The *Compensation Review Act* must therefore remain in force until that later date.

The first annual report of the Commissioner identified administrative difficulties stemming from the illogical compensation system over which the restraint program was superimposed. It also addressed, in general terms, the rationale for

determining what salaries government employees ought to be paid, in light of government's financial ability, private sector practice, and the like. To that account little need now be added, other than to point out that the basic problems remain unresolved and, in the absence of new approaches, will continue to plague the orderly conduct of provincial government affairs.

As the data contained in this report will bear out, the restraint program is reaching its designed objective. Substantial economies have been and are being realized. Some persons have questioned the fairness of the approach, but not the budgetary impact. Had public sector salaries been allowed to increase at the same rate as during the immediately preceding years, government's payroll costs would have grown by more than 20 percent during the current period, instead of the less than 7.5 percent under restraints.

Now that a phasing out of the program is to occur in the coming year, the Province must soon decide whether a return to the pre-restraint practices, unchanged, constitutes the most desired public policy, or if some changes in past methods of determining public sector compensation should be sought.

## COMPENSATION PLANS APPROVED

The impact of Section 30 of the Act, which provided a means whereby employee groups could escape the Commissioner's review of their compensation plans, is not fully known. A review process for these plans was established under the auspices of Treasury Board to assure that the 7.5 percent limit on increases was not exceeded. The Commissioner has no specific information on these plans, but has been given to understand that this has been the case. On the other hand, the maximum allowable under the Act has commonly been granted.

During the 1983 calendar year, only a few compensation plans--covering small numbers of employees--were reviewed and approved. The bulk of the plans subject to Commissioner approval were therefore acted upon during the present report period, 1984. TABLE I, following, lists those plans and the applicable restraint periods. The salary increases approved ranged from 0 percent to the allowable maximum of 7.5 percent. The latter was approved in a minority of the plans; a total increase of 5 percent was more common. However, because the very populous hospital employee groups received the maximum, the overall average was approximately 7 percent. Certain of the plans initially submitted to the Commissioner exceeded the limit or failed to meet the guidelines set forth in the Act. These were returned to the submitting agencies for revision. Cooperation has been excellent, so that in no instance was it necessary for the Commissioner to order a roll-back.

TABLE I

COMPENSATION PLANS APPROVED
through January 31, 1985

| Public Sector Employers and Employee Groups | Date of Plan Approval | Restraint Period Two Years Beginning |
|---|---|---|
| PEI DEPT. OF EDUCATION | | |
| School Board Supervisory | January 12, 1984 | July 1, 1983 |
| CHARLOTTETOWN AREA DEV. CORP. | | |
| Management; Secretarial | January 12, 1984 | Jan. 1, 1984 |
| Parkade Staff; Maintenance and Security Staff | January 23, 1984 | Jan. 1, 1984 |
| KENSINGTON NURSING HOME | | |
| Aids & R.N.'s | February 10, 1984 | April 1, 1983 |
| GEORGETOWN SHIPYARD INC. | | |
| Management & Other | March 7, 1984 | Jan. 1, 1984 |
| Production Croup (IAMAW) | January 15, 1985 | March 1, 1984 |
| PRINCE COUNTY NURSING HOME | | |
| Administration | March 13, 1984 | July 1, 1983 |
| INDUSTRIAL ENTERPRISES INC. | | |
| All Staff | May 9, 1984 | April 1, 1984 |
| LEGISLATIVE ASSEMBLY OF PEI | | |
| Sessional Staff | May 23, 1984 | 1984 Session |
| GARDEN NURSING HOME | | |
| Three Groups | May 23, 1984 | July 1, 1984 |
| UNIVERSITY OF P.E.I. | | |
| Faculty Association | June 5, 1984 | July 1, 1984 |
| WOOD NURSING HOME | | |
| Three Groups | June 13, 1984 | April 1, 1984 |
| PEI HOSPITALS & SCHOOL OF NURSING | | |
| GHEA (8 Groups) | May 16, 1984 | April 1, 1984 |
| CUPE (8 Groups) | July 10, 1984 | April 1, 1984 |
| Management & Related (8 Groups) | July 13, 1984 | April 1, 1984 |
| PCBC Nurses (8 Groups) | November 20, 1984 | April 1, 1984 |
| PRINCE COUNTY ADDICTION SERV. | | |
| PSA Staff | July 17, 1984 | April 1, 1984 |
| PCBC Nurses | September 19, 1984 | April 1, 1984 |

TABLE I (continued)

| Public Sector Employers and Employee Groups | Date of Plan Approval | Restraint Period Two Years Beginning |
|---|---|---|
| SUMMERSIDE WATERFRONT DEV. CORP. | | |
| General Manager & Staff | September 25, 1984 | Aug. 1, 1983 |
| Maintenance & Security | September 25, 1984 | Aug. 1, 1983 |
| MARKET DEVELOPMENT CENTRE | | |
| All Staff | October 29, 1984 | April 1, 1984 |
| LIVINGSTON & MCARTHUR NURSING HOME | | |
| Administration | November 2, 1984 | May 1, 1983 |
| PROVINCIAL GOVERNMENT | | |
| Senior Compensation Plan | January 15, 1985 | April 1, 1984 |
| Excluded Employees | January 15, 1985 | April 1, 1984 |
| Contract Employees | January 15, 1985 | April 1, 1984 |

NOTE

As of the writing of this report there were still outstanding compensation plans for the Administrative Personnel of Addiction Services, the Summer Students group, and the Management Group of P.E.I. Grain Elevators Corporation. A plan which did not conform with the requirements of the Act was submitted by the latter agency and has been returned with instruction to submit a new plan which complies. As noted elsewhere in this report, plans for the Sacred Heart Home remain unresolved.

In most plans the salary increases were in the form of uniform across-the-board percentages. A common exception was for senior administrative staff who were generally awarded lesser increases. Some plans gave flat dollar amounts to all, with the effect that the lower salaried employees received relatively larger percentage increases. These were justified under the Act guideline permitting special consideration to such employees. It is of interest to note that the senior executives in the provincial civil service (Deputy Ministers and others) were among those receiving the smallest percentage increases, an average of 2.5 percent. Only one of these officials received an increase of more than 5 percent, and this was based on a reported increase in job responsibilities.

## OTHER ACTIVITIES

In addition to the review and approval of compensation plans, the Office of Commissioner was active in consultations regarding Act coverage and provisions with agency and employee representatives, officials, legal counsel, and others. Both formal and informal interpretations of the Act were issued. Liaison was maintained with interested officials of other provinces and federal agencies. Research was conducted into private sector salaries and compensation practices and other areas required for the application of the guidelines contained in the Act. An effort to cooperate with the Greater Charlottetown Chamber of Commerce in a private sector pay survey was blocked by an official of the funding federal agency who felt that Commissioner involvement would be unpopular with some union groups.

The problem of enforcement of the provisions of the approved compensation plans was resolved with the voluntary cooperation of chartered accounting firms who perform audits of the affected agencies.

One responsibility of the Commissioner under the Act is to "inform the public with respect to the compensation review program" (Section 5(1)(b) ). As anyone who has held a position of this kind can testify, this is more easily said than done. Much of

this informing must be accomplished, or attempted, through the news media, who have their own views as to what information the public wishes or requires.

Only on one occasion was it necessary for the Commissioner to issue a formal order, filed with the Supreme Court. This order, having to do with a jurisdictional matter, was rescinded following agreement between the Commissioner and the affected agency.